

Zoom Testimony by Andreas Duus
Provided to the CT Legislature Appropriations Committee
18 April 2022

Good morning, Madam Chair and other distinguished members of the Appropriations Committee,

Thank you for scheduling this public hearing on the proposed 2022 SEBAC agreement.

My name is Andy Duus. My wife and I have been residents of CT for five decades, and now our two daughters and their husbands are raising their children, our grandkids, here as well.

We are committed to CT and, as you do, want to see it thrive.

I recently completed four years of service on my town's Board of Estimate and Taxation. During my tenure, it became especially clear to me that no CT town is an island immune to the State's ongoing financial challenges.

I have little doubt about how committed are many of our State employees. For the following several reasons, however, I will ask that you reject the proposed agreement.

1. First, the State will continue to have budget challenges
 - a. Specifically, the State would have had this past year a substantial operating loss if we ignore the one-time benefits of (i) the special federal pandemic relief funding and (ii) the incremental taxes on last year's extraordinary investment gains, and if it would more fairly account for future retirement costs.
 - b. Over 90% of the State's employees participate in collective bargaining contracts through SEBAC. The proposed agreement would increase the wage and retirement benefits, already above private-market norms, and exacerbate future budget losses.
2. Second, the State has fewer options to fund budget deficits

- a. The State could increase taxes, but the tax burden is already high. The ratio of State and local taxes paid relative to personal income is among the highest of all states. Further, higher tax rates may not lead to higher tax collections to the extent higher rates would encourage higher-income residents to leave the State.
 - b. Alternatively, the State could either borrow more or defer make-up pension payments, but its *per capita* ratio of debt and unfunded pension and other post-retirement benefits is already among the highest of all states.
 - c. Therefore, the State must be especially prudent about what services it provides and the number and cost of its employees.
3. Third, perhaps most disappointing have been (a) the nonpublic manner which the Governor has pursued the proposed agreement with SEBAC and (b) the Governor's failure to provide full disclosure of the proposed agreement's impact in future budget years.

Therefore,

I ask that the State not return to the old ways of its management of its budget.

I ask that we be open and honest about current, and expected future, costs.

Finally, I ask that you please reject the proposed agreement.

Thank you for your attention.